industrial production in 1993-94. Banks on their own have invested substantially in government securities because of there attractive market related yields and zero riskiness.

Fraudulent Transactions by Officials of National Housing Bank

6447. SHRI VIRENDRA KATARIA: Will the Minister of FINANCE be pleased to state:

(a) the names of the officials of National Housing Bank who were responsible for lending Rs. 1214 crore to Harshad Mehta through fraudulent transactions during the period from October, 1991 to April, 1992;

(b) whether the CBI has approached the Ministry for permission to prosecute their affairs, if so, when and the action taken on the request of CBI; and

(c) what are the specific charges for which the officers are proposed to be proceeded against?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) National Housing Bank has reported that a complaint has been filed with CBI, *inter alia,* indicating involvement of 2 of its officials namely Shri C. Ravi Kumar, Asstt. General Manager and Shri S. Suresh Babu, Asstt. Manager in connection with irregularities in securities transactions on ready forward basis aggregating Rs. 1214.30 crores.

(b) CBI requested National Housing Bank in the last week of January, 1994 for issue of sanction orders for the prosecution of C. Ravi Kumar and S.Suresh Babu, National Housing Bank has issued sanction orders for the prosecution of the above two officials.

(c) S/Shri C. Ravi Kumar and S.Suresh Babu have been charged by CBI for offences punishable under Section 120 B IPC r/w 420 IPC, 468, 471, 477A IPC and 13(2) r/w 13(1) (d) of Prevention of Corruption Act, 1988 and substantive offences u/s 13(2) r/w 13(1) (d) of the P.C. Act, 1988 and S. 477-A IPC.

Banks in Orisra

6448. SHRI RAHASBIHARI BARIK: Will the Minister of FINANCE be pleased to state:

(a) whether it is fact that the Nationalised Banks in Orissa have not been meeting the working capital needs of the small industries of the state;

(b) if so, the reasons for the failure of the banks to cater to the needs of the small industries in that state;

(c) whether Government of Orissa has taken decision to withdraw its deposits with the banks; and

(d) if so, the reaction of the Central Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (d) The information is being collected and will be laid on the Table of the House to the extent available and permissible under the Rules.

Preferential Allotment of Snares

6449. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) what are the reasons due to which preferential allotment of shares to the promoters is still continuing;

(b) whether Government propose to do away this practice; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) Preferential allotments of shares to promoters are legally permissible under Section 81(1A) of the Companies Act, 1956.

(b) and (d) Government has taken no

decission to do away with this practice.

Funds for Investment in Shares

6450. DR. SHRIKANT RAM-CHANDRA JICHKAR: Will the Minister of FINANCE be pleased to state:

(a) what are the names of the nationalised banks that have introduced activities to garner funds for investments in shares in joint stock complanies listed in the stock exchange;

(b) what is the estimated amount of their investment as on date;

(c) whether these activities are administered by the banks themselves;

(d) what are the liabilities of these banks in case of mismanagements of funds; and

(e) whether these funds are audited by Chartered Accountants'?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) State Bank of India, Bank of India, Canara Bank, Punjab National Bank and Indian Bank arc the public sector banks that have been permitted to collect funds through Mutual Funds for investment in the shares of joint stock companies listed in the Stock Exchanges.

(b) The estimated amount of their investment as on 31.03.1993 as reported by the Reserve Bank of India (RBI) was Rs. 5953.5 crores.

(c) and (d) The banks arc not permitted to administer these activities themselves. In tcrm\ of SEBI (Mutual Fund) Regulations 1993, banks arc required to set up Asset Management Companies (AMC) for managing the investments of the Mutual Funds. The Asset Management Companies arc independent corporate entities under the Companies Act with a separate Board of Directors.

(c) The accounts of the Mutual Funds arc required to be audited by Chartered Accountants under Regulation 53 of SEBI (Mutual Fund) Regulations 1993.

Credit Policy Adopted by R.B.I.

6451. SHRI TULASIDAS MAJI:
DR. SHRIKANT
RAMCHANDRA JICHKAR:

Will the Minister of FINANCE be pleased to state:

(a) what are the details of the present credit policy adopted by the RBI;

(b) what would be the overall effect of the credit policy on the production sector; and

(c) whether restraint in the expansion of money supply will still continue; and if so, for how much time?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) Reserve Bank of India (RBI) announced the Credit Policy for the second half of 1993-94 on October 11, 1993. The overall objective of the Credit Policy was to ensure that adequate support was provided by banking sector to the revival of output. Keeping in view the fact that the Iendable resources of the banking system had increased significantly measures were taken to enhance credit facilities for borrowers so as to ensure that inadequate credit did not hinder the growth of the economy. The Credit Policy laid emphasis on the need for banks to meet the genuine and felt credit requirements of borrowers. Banks were urged to ensure that the delegated credit sanctioning powers were duly exercised and it was emphasised that the hesitancy of banks in taking credit decisions needed to be overcome. Some of the major measures taken by RBI in the Credit Policy announced in October, 1993 were reduction in Statutory Liquidity Ratio (SLR), modifications in the Export Credit Refinance facilities, changes in the composition of priority sector lending allowing greater -discretion to banks in